

Message Text

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PAGE 01 STATE 015721
ORIGIN EA-09

INFO OCT-01 EUR-12 ISO-00 CIAE-00 COME-00 DODE-00 DOTE-00
EB-08 FMC-02 INR-07 NSAE-00 SAL-01 CG-00 DLOS-06
OES-06 ERDA-07 AID-05 CEA-01 CIEP-02 FPC-01 H-02
INT-05 L-03 NSC-05 OMB-01 PM-04 USIA-15 SP-02 SS-15
STR-04 TRSE-00 ACDA-10 FEA-01 /135 R

DRAFTED BY EA/IMS:ARDORNHEIM:CCH
APPROVED BY EA/IMS:EDWARD C. INGRAHAM
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P R 242254Z JAN 77
FM SECSTATE WASHDC
TO AMEMBASSY JAKARTA PRIORITY
INFO AMEMBASSY LONDON
AMEMBASSY TOKYO

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E.O. 11652: N/A

TAGS: EFIN, ENRG, ID, UK

SUBJECT: BURMAH OIL LNG TANKERS

REFS: A. JAKARTA 861 (NOTAL) B. STATE 304402

1. FORMER COMMERCE SECRETARY RICHARDSON APPROVED ON
JAN 19 MARAD ADMINISTRATOR BLACKWELL'S DECISION TO
ALLOW TITLE XI GUARANTEE FINANCING FOR SEVEN LNG
TANKERS UNDER CONSTRUCTION BY GENERAL DYNAMICS TO BE
CHARTERED TO BURMAH GAS TRANSPORT LTD. FOR SERVICE IN
INDONESIA-JAPAN TRADE. GUARANTEES ARE FINAL AND IRRE-
VOCABLE FOR FIVE TANKERS IN AMOUNT OF 474.5 MILLION DOLS
AND PRELIMINARY AND CONDITIONAL FOR TWO TANKERS IN AMOUNT
OF 252.6 MILLION DOLS. THIS TOTAL 727 MILLION DOLS
COMMITMENT LARGEST SINGLE GUARANTEE EVER UNDER TITLE XI
UNCLASSIFIED

UNCLASSIFIED

PAGE 02 STATE 015721

PROGRAM.

2. COMMERCE PRESS RELEASE (POUCHED TO ALL POSTS) MENTIONS
COMMERCE/MARAD BEST JUDGMENT THAT DECISION WAS REQUIRED
FROM OUTGOING ADMINISTRATION. WRITTEN COMMUNICATION OF
DEC 8 HAD OFFERED NEW ADMINISTRATION OPPORTUNITY TO RE-
QUEST THAT DECISION BE DEFERRED, BUT NO REQUEST HAD BEEN

RECEIVED.

3. PRESS RELEASE INDICATES THAT COMMERCE/MARAD NOT IN POSSESSION OF ALL INFORMATION THEY WOULD LIKE TO HAVE HAD BUT THAT BEST EFFORTS WERE MADE TO GET SATISFACTORY ASSURANCES RE MISSING DATA.

4. MAIN CONCLUSIONS FOLLOW. NEW AFFIDAVITS FROM ALL PARTIES REQUIRED BY LAW TO BE U.S. CITIZENS, INTER ALIA, LEAD TO "NOT IMPRUDENT" CONCLUSION THAT TRANSACTION IS "LAWFUL AND PROPER UNDER RELEVANT STATUTORY STANDARDS". FURTHER, JAN 17 LETTER TO MARAD GENERAL COUNSEL FROM U.S. ATTORNEY FOR SOUTHERN DISTRICT OF NEW YORK STATES, "...FACTS OF WHICH WE ARE AWARE DO NOT JUSTIFY INITIATION OF CRIMINAL OR CIVIL PROCEEDINGS FOR VIOLATION OF CITIZENSHIP REQUIREMENTS OR FALSE CLAIMS ACT".

5. COMMERCE/MARAD HAVE ASSURED THEMSELVES "TO FULLEST EXTENT POSSIBLE" THAT "ALLEGEDLY CORRUPT MINORITY INTERESTS (IN BURMAH SUBSIDIARY) HAVE BEEN ELIMINATED FROM PARTICIPATION IN ANY PROFITS FROM THIS TRANSACTION", AND THAT THESE MINORITY INTERESTS HAVE NO LEGAL REMEDIES AVAILABLE WHICH WOULD MAKE PERTAMINA-BURMAH TRANSPORTATION AGREEMENT UNENFORCEABLE OR OTHERWISE UNVIABLE.

6. ON BASIS INFORMATION CURRENTLY IN SEC HANDS, TONGSUN PARK "COMMISSION" FROM BURMAH DID NOT RELATE TO PRESENT TITLE XI FINANCING APPLICATIONS, ALTHOUGH PARK AND HIS UNCLASSIFIED

UNCLASSIFIED

PAGE 03 STATE 015721

PARTNER DID DISCUSS WITH BURMAH POSSIBILITY OF NEGOTIATING ALTERNATIVE MEANS TO STRUCTURE BURMAH'S PARTICIPATION IN INDONESIAN-JAPANESE LNG TRANSACTION.

7. "NOT SOUND PUBLIC POLICY" AND "TOO STRINGENT" TO REQUIRE FOREIGN AND DOMESTIC COMPANIES WHICH HAVE ENGAGED IN PAST QUESTIONABLE CONDUCT (I.E., BURMAH) TO BE PERMANENTLY DENIED OPPORTUNITIES TO "MAKE AMENDS". VANCE

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Message Attributes

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Control Number: n/a
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Sent Date: 24-Jan-1977 12:00:00 am
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Decaption Note:
Disposition Action: n/a
Disposition Approved on Date:
Disposition Case Number: n/a
Disposition Comment:
Disposition Date: 01-Jan-1960 12:00:00 am
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
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Document Unique ID: 00
Drafter: ARDORNHEIM:CCH
Enclosure: n/a
Executive Order: N/A
Errors: N/A
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Handling Restrictions: n/a
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